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C O N F I D E N T I A L SECTION 01 OF 03 SARAJEVO 000381

SIPDIS

DEPARTMENT FOR EUR(JONES), EUR/SCE(FOOKS/MCGUIRE); NSC FOR  
HELGERSON/WILSON

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TAGS: [PGOV](#) [PINR](#) [PREL](#) [PHUM](#) [KDEM](#) [KJUS](#) [EU](#) [BK](#)

SUBJECT: BOSNIA - PIC URGES POLITICAL LEADERS TO COMPROMISE  
ON KEY REFORMS; WELCOMES NEW HIGH REPRESENTATIVE

REF: SARAJEVO 348

Classified By: Ambassador Charles English. Reasons 1.4(b) and (d).

11. (C) SUMMARY: The March 25-26 Peace Implementation Council (PIC) in Sarajevo welcomed the Bosnian parliament's adoption of a constitutional amendment on Brcko (reported septel), but stressed that progress on the remainder of the PIC 5-plus-2 agenda was insufficient to justify a decision to close OHR. Russia joined this consensus. PIC members also welcomed Valentin Inzko as the new High Representative, who attended the PIC, but only officially assumed his duties after its conclusion. Despite the good news on Brcko, assessments of the political situation in Bosnia were largely negative. PIC members urged party leaders to redouble their efforts to complete the remaining 5-plus-2 agenda items, notably state and defense property. EU PIC members criticized Prime Minister Nikola Spiric and party leaders for their poor performance implementing EU-required reforms. As has become the custom, party leaders from the governing coalition addressed the PIC and generally emphasized familiar themes. The Serbs stressed the need to close OHR as soon as 5-plus-2 is implemented, and the Bosniaks and Croats urged an international effort -- with a strong U.S. lead - to address constitutional reform. Finally, Deputy Supreme Allied Commander Europe (DSACEUR) General McColl briefed the PIC on EUFOR's plans for transforming its mission and presence in Bosnia. Several non-PIC members, including the U.S., expressed concern that the EU had failed to adequately consult about its EUFOR plans and cautioned against too rapid a drawdown in EUFOR's military strength. END SUMMARY

New HighRep; Same Challenges  
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12. (C) At its March 25-26 meeting, the PIC stressed their support for incoming HighRep Inzko, including "his ability to use the full range of his authorities" (i.e., the Bonn Powers). Outgoing HighRep Miroslav Lajcak welcomed the Bosnian parliament's adoption of a constitutional amendment on Brcko, but stressed that sufficient progress had not been made on the remainder of the PIC 5-plus-2 agenda for him to make a recommendation that OHR should be closed. No PIC delegation disagreed with Lajcak's assessment, though Russia offered a more positive assessment of the overall political environment than others. Lajcak also expressed concern about continued nationalist rhetoric, particularly surrounding the constitutional reform debate, which included demands by the RS that it have the right of secession. Several PIC countries, including Germany, the UK, and U.S., warned political party leaders that "secessionist rhetoric" challenges Bosnia's territorial integrity and weakens the

case for OHR's closure. Finally, Lajcak warned that state-level institutions and previously implemented reforms were increasingly being challenged, undermined, and in some cases, reversed.

#### Completing 5-Plus-2

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13. (C) Privately and in their exchanges with party leaders PIC members stressed the importance of completing the 5-plus 2 agenda, particularly state property. On state property, all delegations reiterated previously agreed positions that three things are needed in order to reach a sustainable solution: 1) an inventory of all assets currently subject to apportionment (i.e., those items covered by the state- and entity-level laws freezing the disposition of state property), including all property falling to Bosnia as part of the SFRY Succession Treaty and property controlled by the former Socialist Republic of Bosnia; 2) a state property law that defines the procedures for implementing a settlement on the issue; and, 3) an intergovernmental agreement negotiated and signed by the state, entities, and Brcko District that includes the list of assets allocated to each government. Prime Minister Spiric came under considerable criticism for his failure to allow the inventory, which could take anywhere from several weeks to several months, to go forward. Spiric attempted to blame the delay variously on OHR actions and the failure of party leaders to reach an overall agreement on the issue.

14. (C) The U.S. underscored the importance of ensuring an

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acceptable and sustainable solution to defense property as well as state property, noting that Bosnia's failure to address outstanding defense property issues had been highlight by NATO officials during their recent review of the country's defense reform process. The U.S. reminded party leaders that it would not consider moveable defense property resolved until the March 2008 Transfer Agreement was implemented, and urged the Bosnian Presidency to approve a plan for the destruction, sale or donation of surplus ammunition, weapons, and military equipment. In its communique, the PIC also called on the Ministry of Defense to finalize a transfer agreement for immovable property, including an annex that provided the technical details required for future defense purposes.

#### EU Disappointed With Bosnia's Performance

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15. (C) The European Council, European Commission, Czech Presidency and several EU member states chastised PM Spiric and party leaders for Bosnia's poor performance implementing its European Partnership program and its recently signed Stabilization and Association Agreement (SAA). France underscored that party leaders professed commitment to joining the EU had not been matched by tangible progress, specifically chiding Bosnia's failure to: 1) appoint a Director for European Integration within the Council of Ministers; 2) implement the requirements for liberalizing the visa regime between the EU and Bosnia; and, 3) adopt most of the laws called for in the European Partnership program. The Commission hammered home the last point, stressing that it was not enough to draft a law, parliament needed to adopt it. The Commission singled out Bosnia's failure to pass the Law on State Aid, underscoring to RS PM Dodik that Bosnia's State Aid Agency must be a state-level institution. Finally, the Council warned that Bosnia risked "being left behind" if its performance did not improve, warning that "as Bosnia moves closer to the EU the game gets tougher, and the EU will not accept political fixes."

#### Party Leaders Offer Familiar Prescriptions

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16. (C) The PIC included its usual round table with leaders of the five state-level coalition parties. Summaries of their presentations follow.

-- Party for Democratic Action (SDA) President Sulejman Tihic: Tihic noted that the Prud process had produced some important successes, including Brcko, but argued that the underlying political situation in Bosnia had not improved since the PIC's November 2008 meeting. Tihic warned that OHR must not close before constitutional reform was completed, arguing that Bosnia should incorporate "the powers of OHR" into its constitution in order to prevent any one ethnic group from permanently blocking progress on specific issues. Tihic closed by noting that he and his Prud partners planned had called for the establishment of a parliamentary body to begin the process of constitutional reform.

-- Alliance of Independent Social Democrats (SNSD) leader and RS PM Milorad Dodik: Dodik stressed that Bosnia was a secure and stable country capable of managing its problems democratically. He rejected Bosniak proposals to make constitutional reform a requirement for OHR closure, adding OHR should close as soon as 5-plus-2 is implemented. Dodik said the RS "was ready to contribute to Bosnia," but caveated this commitment by noting that he "would not do anything to damage the RS or contrary to RS interests." Dodik dismissed concerns about his rhetoric, arguing at one point that the RS had "the right" to propose that the constitution include an RS right to secede, if Bosniaks were going to insist on an entirely new constitution. Finally, Dodik attacked state-level law enforcement and judicial institutions.

-- Party for BiH (SBiH) Chairman and Bosniak member of the Tri-Presidency Haris Silajdzic: An uncharacteristically subdued Silajdzic argued that Bosnia must become a more functional and efficient state capable of meeting NATO and EU requirements. Bosnia's current problems were not rooted in Dayton, but in the failure to fully implement it, notably the Annex 7 Agreement on Refugees and Displaced Persons, he said. The state cannot exercise its current responsibilities

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because of interference from the entities, and meaningful constitutional reform was necessary to address this problem, Silajdzic argued, adding the U.S. need to playing a leading role in the constitutional reform process.

-- Croatian Democratic Union of BiH (HDZ-BiH) leader Dragan Covic: Covic cited the Prud process as an example of constructive dialogue and compromise and rejected an assertion by Silajdzic that other party leaders had been excluded from it, noting that they all had refused invitations to participate. The legal and constitutional inequality among the three constituent peoples was Bosnia's fundamental problem, Covic explained, underscoring the need for constitutional reform. Nonetheless, Covic argued the biggest challenge facing Bosnia was the current economic downturn. Covic warned that the failure to elect a mayor in Mostar had contributed to rising ethnic tensions between Bosniaks and Croats there.

-- Croatian Democratic Union-1990 (HDZ-1990) leader Bozo Ljubic: Ljubic lauded the 14 years of peace that followed signature of Dayton, but asserted that Bosnia had not yet become a functional, self-sustainable state. Bosnia was a divided country with dysfunctional and unjust institutions. Only the international community presence had kept Bosnia together, he said. Ljubic called for a new constitution. He also rebuked PIC members for crediting party leaders for resolving outstanding issues associated with Brcko; without robust U.S. engagement on Brcko, there would not have been a constitutional amendment.

Concerns Among Non-EU Countries Over EUFOR Plans

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17. (C) At the request of OHR, Deputy Supreme Allied Commander Europe (DSACEUR) General McColl briefed the PIC on EUFOR's plans for transforming its mission and presence in Bosnia. McColl stressed that EUFOR's mission was to support OHR's and EUSR's medium- to long-term requirement for the creation of a safe and secure environment in Bosnia. McColl said that determining whether this mission had been fulfilled involved assessing whether the constructive pull of possible Bosnian EU membership was sufficient to overcome the destructive pull of nationalism among Bosnia's political leaders. This, McColl stressed, was a political, not military judgment. Several non-EU PIC members, including the U.S. and Turkey, expressed concern that the EU had reached a political judgment prematurely that EUFOR could safely draw down. Canada joined the U.S. and Turkey in urging closer consultations with non-EU members when making decisions about for EUFOR's future. The U.S. asked whether the myriad private security companies that exist in Bosnia posed a security threat. McColl responded that they did not pose an immediate threat, but could in the future, if not properly regulated, something McColl argued was outside EUFOR's mandate.

18. (U) DAS Jones has cleared this cable.  
ENGLISH